

AMENDED IN SENATE APRIL 28, 2003

AMENDED IN SENATE APRIL 2, 2003

SENATE BILL

No. 821

Introduced by Senator Alarcon

February 21, 2003

An act to add Chapter 21 (commencing with Section 9900) to Division 3 of the Business and Professions Code, and to add Section 66015.9 to the Education Code, relating to business ethics.

LEGISLATIVE COUNSEL'S DIGEST

SB 821, as amended, Alarcon. ~~Commission on Business Ethics:~~ business *Business* ethics courses.

(1) Existing law requires the Department of Consumer Affairs to regulate various professions and vocations.

~~This bill would create the Commission of Business Ethics. The bill would specify that 9 commissioners serve on a voluntary basis and that they be appointed in equal numbers by the Senate, the Assembly, and the Governor. The bill would require the commission to develop regulations for ethical business practices, propose disciplinary fines and actions for business executives and directors who violate ethical standards, and make referrals to the Department of Justice and other law enforcement agencies for criminal or civil actions for a violation of ethical standards.~~

(2) Existing law, known as the Donahoe Higher Education Act, sets forth the missions and functions of California's public and independent segments of higher education, and their respective institutions of higher education. Provisions of the act apply to the University of California only to the extent that the Regents of the University of California, by

appropriate resolution, act to make a provision applicable. Among other things, the act identifies common educational missions shared by educational institutions in California and differentiates more specific missions and functions among the various educational segments.

This bill would require the Trustees of the California State University and the governing board of each community college district, and request the Regents of the University of California and the governing body of each regionally accredited private or independent college and university in the state to require that, commencing on June 1, 2005, any student at any institution under their respective jurisdictions has successfully completed minimum coursework in business ethics prior to receiving an associate, bachelor's, or master's degree in business or business administration. To the extent that the bill would create new duties for community college districts, it would impose a state-mandated local program.

(3)

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. ~~(a) The Legislature finds and declares that~~
 2 ~~ethics in business are vital to the economic well-being of the state.~~
 3 ~~(b) It is, therefore, the intent of the Legislature to enact~~
 4 ~~legislation to establish the Socially Responsible Business~~
 5 ~~Leadership Initiative to prepare and inspire California business~~
 6 ~~graduates to apply their business skills to enhance the common~~
 7 ~~good.~~

1 ~~SEC. 2.—Chapter 21 (commencing with Section 9900) is added~~
2 ~~to Division 3 of the Business and Professions Code, to read:~~

3
4 ~~CHAPTER 21. BUSINESS ETHICS~~

5
6 ~~9900.—The California Commission on Business Ethics is~~
7 ~~hereby created in state government.~~

8 ~~9901.—(a) The commission shall be comprised of nine~~
9 ~~members who represent the state’s diverse cultural, geographical,~~
10 ~~and economic composition.~~

11 ~~(b) At a minimum, the commission shall include members~~
12 ~~representing:~~

13 ~~(1) Labor and human rights.~~

14 ~~(2) Civil rights and diversity.~~

15 ~~(3) The environment.~~

16 ~~(4) The business community of the state.~~

17 ~~(5) Customers and consumers of products.~~

18 ~~(6) Ethics specialists and the legal field.~~

19 ~~(7) University business schools.~~

20 ~~(8) Corporate shareholders.~~

21 ~~(9) Public health.~~

22 ~~(c) The commissioners shall serve on a voluntary basis and~~
23 ~~shall be appointed in equal numbers by the Senate, the Assembly,~~
24 ~~and the Governor.~~

25 ~~9902.—The commission shall do the following:~~

26 ~~(a) Develop regulations for ethical business practices and~~
27 ~~corporate responsibility.~~

28 ~~(b) Refine the parameters for a “socially responsible business”~~
29 ~~for public contract procurement.~~

30 ~~(c) Propose disciplinary fines and actions against business and~~
31 ~~corporate executives and directors who violate ethical standards.~~

32 ~~(d) Authorize referrals to the Department of Justice or other~~
33 ~~law enforcement agencies for criminal or civil actions a violation~~
34 ~~of ethical standards.~~

35 ~~(e) Index and rank socially responsible businesses.~~

36 ~~9903.—For purposes of this chapter a “socially responsible~~
37 ~~business” is a business that has shown due respect for and~~
38 ~~safeguards the environment, human rights, public health and~~
39 ~~safety, the dignity of its employees, and the welfare of~~
40 ~~communities in which the business operates.~~

~~SEC. 3.~~—Section 66015.9 is added to the Education Code, to read:

66015.9. The Trustees of the California State University and the governing board of each community college district shall, and the Regents of the University of California and the governing body of each regionally accredited private or independent college and university in the state are requested to, require that, commencing on June 1, 2005, any student at any institution under their respective jurisdictions has successfully completed minimum coursework in business ethics prior to receiving an associate, bachelor's, or master's degree in business or business administration.

~~SEC. 4.~~

SEC. 2. Notwithstanding Section 17610 of the Government Code, if the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund.